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EXCISE TELEGRAM

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USMISSION BRUSSELS
AMEMBASSY JIDDA
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AMEMBASSY ROME
AMEMBASSY TEHRAN
AMEMBASSY THE HAGUE
AMEMBASSY TOKYO
AMEMBASSY VIENNA

S E C R E T TRIPOLI 113

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY c DATE 6/19/F1
PORTIONS DENIED AS INDICATED

Telegram 1-19-71

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KUWAIT FOR UNDER SECRETARY

PARIS FOR TREZISE

SUBJ: PETROLEUM SITUATION

REF: TRIPOLI 101

1. SHORTLY AFTER NOON TODAY (JAN 19), OCCIDENTAL AND BUNKER HUNT REPS CALLED, CONSECUTIVELY, TO MINISTRY PETROLEUM. THEY WERE NOT TOLD PURPOSE OF MEETING AND WERE GIVEN NO TIME TO ASSEMBLE STAFFS OR OTHERWISE PREPARE. DEPPRIMIN JALLUD CHAIRED MEETINGS, ALSO ATTENDED BY MINPET AND PETROLEUM UNDER SECRETARY. BOTH COMPANIES REPORTED ON MEETINGS AT INDUSTRY CONFERENCE LATE THIS AFTERNOON. [redacted] B1, B4

2. JALLUD WAS IN CONFIDENT AND CORDIAL - ALMOST DETACHED - MOOD. HE CHIDED BOTH COMPANIES FOR JOINING INDUSTRY PACT AND ADDED (TO OXY) THAT HE WAS AWARE (PROBABLY THROUGH CURRENT REPORTS OF FINANCIAL TIMES ARTICLE - LONDON 448) OF INDUSTRY SUPPORT ARRANGEMENT FOR COMPANIES IN LIBYA. TO OXY, JALLUD SAID LIBYA MUST SHARE IN POSTED PRICE INCREASE TO BE COMMON TO ALL OPEC MEMBERS, BUT TO HUNT HE INSISTED THAT LIBYA REFUSED TO NEGOTIATE IN OPEC CONTEXT. HE EMPHASIZED TO BOTH THAT LARG ASSERTED RIGHT TO NEGOTIATE SEPARATELY WITH EACH OF ITS CONCESSIONAIRES, AND REJECTED UNIFIED INDUSTRY POSITION. JALLUD THEN DEMANDED THAT BOTH COMPANIES WITHDRAW FROM INDUSTRY POSITION AND THAT BOTH REPS RETURN AT MID-DAY JAN. 24 TO GIVE THEIR ANSWER TO THIS DEMAND. JALLUD, WHO DID NEARLY ALL OF TALKING FOR LARG, THREATENED THAT "APPROPRIATE MEASURES" WOULD BE TAKEN IF COMPANIES REFUSED TO NEGOTIATE INDEPENDENTLY. BOTH COMPANY REPS OBSERVED THAT JALLUD SEEMED TO BE MAKING POINTS FOR THE RECORD AND THAT HE EXPECTED COMPANIES TO REFUSE HIS DEMAND.

[redacted] NEITHER COMPANY EXPECTS TO CHANGE ITS POSITION [redacted] B4

3. FOLLOWING POINTS EMERGED FROM EXCHANGE WHICH FOLLOWED OXY-HUNT BRIEFING:

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A) MINISTRY OFFICIALS HAD LEARNED OF MEETING LESS THAN HALF HOUR BEFORE COMPANIES SUMMONED.

B) ATTEMPT ALSO MADE TO MEET WITH OASIS OWNERS (LESS SHELL), BUT WAS DROPPED WHEN MINISTRY INFORMED THAT SENIOR REPS WHO HAD ATTENDED PREVIOUS MEETING FOR OASIS GROUP HAD LEFT LIBYA. (MINISTRY SPOKESMAN SAID ONLY THAO OASIS OWNERS WOULD BE CALLED TO MEET AGAIN IN FEW DAYS).

[redacted] B4

D) INDUSTRY REPS' BEST GUESS ABOUT REASON FOR POSTPONEMENT UNTIL JAN. 24 OF CONFRONTATION JALLUD SEEMED TO BELIEVE WAS INEVITABLE WAS THAT LARG WISHED TO KEEP ALL OPTIONS OPEN UNTIL AFTER OPEC MEETING JAN. 23.

[redacted] B4

4. INDUSTRY REPS REQUESTED THAT DEPT. INFORM J.J. MCCLOY (NEW YORK TELEPHONE - HANOVER 2-2260) THAT OXY AND HUNT HAD MET WITH LARG REPS AND BEEN GIVEN UNTIL JAN. 24 TO WITHDRAW FROM JOINT INDUSTRY POSITION AND BEGIN INDEPENDENT NEGOTIATIONS.

5. COMMENT: OUR ANALYSIS OF LARG'S TACTICS AND MOTIVES IN PRESENT SITUATION IS ESSENTIALLY UNCHANGED (EXCEPT FOR DEVELOPMENTS ABOUT WHICH WE COULD ONLY SPECULATE AT THAT TIME) FROM THAT GIVEN IN TRIPOLI 79, PARAS. 2 - 4. GP-2.
PALMER

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